

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
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FM USMISSION NATO
TO CSAF WASHDC PRIORITY
INFO AFSC ANDREWS AFB MD
ESD HANSCOM AFB MA
SECSTATE WASHDC 4830
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OSAF WASHDC

C O N F I D E N T I A L NATO 06782

SECDEF FOR OASD/ISA, ODDR&E/IP/TWP AND DSAA. SECSTATE FOR
EUR/RPM. OSAF FOR AL. CSAF FOR ATF/RDPW/LGP. AFSC FOR
SD/PP. ESD FOR YW

E.O. 11652: GDS
TAGS: NATO, OCON, MILI, AWACS
SUBJECT: NATO AEW - MEETING OF HIGH LEVEL GROUP SUBGROUP
3 ON CONTRACTS AND FINANCE.

SUMMARY: AT THE JUST COMPLETED MEETING OF THE HIGH LEVEL
GROUP SUBGROUP ON CONTRACTS AND FINANCE, THE FRG REP CALLED
FOR 100 OFFSET FOR ALL NATIONS PARTICIPATING IN THE NATO
AEW PROGRAM. HE ALSO INSISTED ON A BILATERAL MEMORANDUM
OF UNDERSTANDING. END SUMMARY.

1. DURING THE JULY 12-13 MEETING OF THE CNAD HIGH LEVEL
GROUP'S (HLG) SUBGROUP 3 ON CONTRACTS AND FINANCE, THE FRG
REPRESENTATIVE MADE TWO PROPOSALS WHICH WE EXPECT TO BE
SUBJECTS FOR FURTHER DISCUSSION AT THE JULY 19-20 MEETING
OF THE HLG.

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2. REGARDING THE SUBJECT OF INDUSTRIAL COLLABORATION THE
FRG REP PROPOSED THAT THE US PROVIDE 100 OFFSET FOR ALL
REPEAT ALL NATIONS PARTICIPATING IN THE NATO AEW PROGRAM.
THERE FOLLOWS BELOW THE TEXT OF THE FRG PROPOSED REVISION
TO SECTION XI (INDUSTRIAL COLLABORATION) OF THE DRAFT
MULTILATERAL MEMORANDUM OF UNDERSTANDING (MMOU).

BEGIN TEXT:

3. FOR THE AIRCRAFT PROGRAMME, THE AMOUNT OF EUROPEAN AND CANADIAN INDUSTRIAL COLLABORATION WILL CORRESPOND TO THE FINANCIAL CONTRIBUTION OF THE PARTICIPATING GOVERNMENTS OF THE TOTAL AIRCRAFT ACQUISITION COSTS WITH AN AGGREGATE COST PENALTY NO GREATER THAN (BLANK) . DETAILS ARE SPECIFIED IN ANNEX L.

4. FOR THE GROUND ENVIRONMENT INTERFACE PROGRAMME, THE AMOUNT OF EUROPEAN AND CANADIAN INDUSTRIAL COLLABORATION WILL NOT BE LESS THAN THEIR RESPECTIVE FINANCIAL CONTRIBUTION TO THE TOTAL INTERFACE PROCUREMENT COSTS. DETAILS ARE SPECIFIED IN ANNEX M.

5A. WHERE THE PARTICIPATING GOVERNMENTS FOR ANY REASON WHATSOEVER CANNOT BE GIVEN REASONABLE INDUSTRIAL WORK SHARES IN KEEPING WITH THEIR FINANCIAL CONTRIBUTION, THE GOVERNMENT, FAVOURED BY A LARGER INDUSTRIAL WORK SHARE, SHALL AWARD COMPENSATION CONTRACTS TO THE GOVERNMENTS SUFFERING SUCH DISADVANTAGE WITHIN ONE YEAR AFTER SIGNING THE MMOU. END TEXT

3. THE FRG REP EXPRESSED CONCERN OVER LACK OF PROGRESS BY SG.3 ON THE BILATERAL MOU (BMOU) AND REQUESTED THE CONFIDENTIAL

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CHAIRMAN OF SG.3 TO BRING THIS ISSUE TO THE ATTENTION OF THE HLG. THE ISSUE DEALS WITH MOST OF THE NATION'S DESIRE FOR A BMOU IN LIEU OF OR IN ADDITION TO A LETTER OF OFFER AND ACCEPTANCE. THE FRG REP PROPOSED THAT THE HLG BE REQUESTED TO DIRECT THE NATO AEW PROGRAM OFFICE TO DEVELOP A BMOU BY OCTOBER 1977. BENNETT

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